

City of Las Vegas, New Mexico

Water, Wastewater and Gas Utilities Rate Study Executive Summary Report

July 12, 2012



Report Prepared By:



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1. Executive Summary

1.1. Introduction

1.1.1. Background

The City authorized Red Oak Consulting (Red Oak) to review the financial status of the water, wastewater and gas utilities and to recommend rate adjustments, as necessary, to assure their continuing financial viability. This study includes:

- Development of utility specific financial plans for the study period,;
- Analysis of customer class cost of service; and
- Design of rates.

This executive summary report summarizes our study findings and recommendations.

1.1.2. Definitions

There are terms used repetitively throughout the report that are defined as follows:

- Fiscal year (FY) means the 12-month period ending June 30.
- Existing rates for water and gas utilities are the rates effective September 2007.
- Existing rates for the wastewater utility are the rates effective August 2010.
- Study period means the five-year period, FY 2011-12 through FY 2015-16.

1.1.3. General Study Assumptions

This rate study is based on numerous assumptions. Changes in these assumptions could have a material effect on study findings. Red Oak incorporated the following key assumptions into the study:

- Based on recent historical trends, no growth in customer accounts is projected throughout the study period.
- Annual inflation:
 - ◆ Capital improvement projects (CIP): 4%
 - ◆ Operation and maintenance expense (O&M): 3%
- Franchise fee: 4% of rate revenue
- Annual interest rate on investments: 2%

1.2. Water Utility Rates

The City provides water service to approximately 6,400 residential and commercial customers. Funding for the water utility is derived primarily from rates.

1.2.1. Assumptions

In addition to the general study assumptions described on Page 1-1, there are assumptions that are specific to the water rate study. Changes in these assumptions could have a material effect on study findings. Red Oak incorporated the following key assumptions into the water rate study:

- Water administrative fee is capped at FY 2011-12 budget level of \$394,000.
- Water utility unrestricted cash reserves at the beginning of FY 2011-12 are as follows:

Operating Fund	\$ 486,019
Capital Fund	1,749,608
Gross Receipts Tax Fund	2,134,346
Water Acquisition/Rights Fund	<u>670,418</u>
Total	\$5,040,391

- The water utility will strive to maintain the following reserve levels:
 - ◆ Operating reserves of 90 days of O&M plus
 - ◆ Capital reserves of 3% of fixed assets.

1.2.2. Financial Plan

Red Oak developed a water utility financial plan for the study period. This plan forecasts the level of revenue needed from water rates to meet annual revenue requirements and fund the capital improvement program. Principal water utility financial plan findings are as follows:

- Utility staff has developed a \$45.7 million water capital improvement program (CIP) for the five-year study period comprised of \$40.3 million of major capital projects and \$5.4 million of repair and replacement capital projects.
- Water sales revenue needs to be increased through water rate adjustments to fund revenue requirements, meet debt service coverage requirements, and provide adequate reserves during the study period. Future revenue increases include 26% in each year, FY 2012-13 through FY 2014-15 and 7% in FY 2015-16.
- Red Oak recommends annually updating the financial plan to reflect changes in customer water usage, revenue, operating expenses, capital improvement needs, and capital financing requirements.

1.2.3. Cost of Service

Red Oak completed a comprehensive water utility cost of service analysis in accordance with standard methods supported by the American Water Works Association. This analysis determined the cost of providing water service to residential and commercial customers.

1.2.4. Existing Rates

Existing water rates have been in effect since September 2007 and include base and volume charges. Existing water rates have the following structure:

- Monthly base charges vary by meter size and include a volume allowance of 2,000 gallons for residential and small commercial (5/8-inch meter) customers and 10,000 gallons for large commercial customers (1-inch and larger meters).
- Volume charges for residential and small commercial customers use a seven-block increasing rate structure.
- Volume charges for commercial customers with a 1-inch meter use a three-block increasing rate structure.
- Volume charges for commercial customers with 2-, 3- or 4-inch meters use a four-block increasing rate structure.

1.2.5. Recommended Rates

Red Oak is recommending rates that will produce targeted water sales revenue, encourage efficient water use, and initiate the transition toward equitable recovery of class cost of service. These rates increase annualized water sales revenue by 26% in each year, FY 2012-13 through FY 2014-15.

1.2.5.1. Monthly Base Charges

Recommended monthly base charges vary by meter size and do not include a volume allowance. Table 1-1 compares existing and recommended inside city monthly base charges. The base charges remaining at existing levels are adequately recovering their cost of service. Recommended outside City charges are 1.5 times greater than inside City charges in accordance with City policy.

**Table 1-1.
Comparison of Existing and Recommended
Inside City Monthly Water Base Charges**

Meter Size	No. of Accounts	Existing Base Charges	Recommended Base Charges		
			2012-13	2013-14	2014-15
(inch)		(per bill)	(per bill)	(per bill)	(per bill)
Residential					
5/8	5,660	\$15.26	\$15.00	\$16.80	\$18.60
1	60	31.44	31.50	31.50	31.50
Commercial					
5/8	520	33.68	33.70	33.70	33.70
1	85	168.39	170.00	170.00	170.00
1½	1		246.00	246.00	246.00
2	140	336.76	340.00	340.00	340.00
3	1		450.00	450.00	450.00
4	20	505.15	510.00	510.00	600.00
6	2	673.53	830.00	1,120.00	1,540.00
8	0	841.91	940.00	1,270.00	1,740.00
Note: Recommended outside City base charges are 1.5 times greater than inside City base charges in accordance with City policy.					

1.2.5.2. Residential Volume Charges

Recommended residential volume charges use a four-block increasing rate structure:

- The first monthly block (2,000 gallons) includes subsistence usage at low rates;
- The second monthly block (4,000 gallons) includes normal domestic usage at moderate rates;
- The third monthly block (4,000 gallons) includes normal irrigation usage at higher rates; and
- The fourth monthly block (greater than 10,000 gallons) includes excessive usage at very high rates.

Table 1-2 compares existing and recommended residential inside City water volume charges. Outside City volume charges are 1.5 times greater than inside City volume charges in accordance with City policy.

Table 1-2.
Comparison of Existing and Recommended
Residential Inside City Water Volume Charges

Monthly Usage Block	Percent of Total Usage	Existing Volume Charges	Recommended Volume Charges		
			2012-13	2013-14	2014-15
<i>(gallons)</i>		<i>(per gallon)</i>	<i>(per gallon)</i>	<i>(per gallon)</i>	<i>(per gallon)</i>
First 2,000	40.0%	\$0.00000	\$0.00102	\$0.00172	\$0.00287
Next 4,000	41.7%	0.00202	0.00230	0.00387	0.00646
Next 4,000	11.0%	0.00224	0.00518	0.00871	0.01454
Next 5,000	3.9%	0.00246	0.01295	0.02178	0.03635
Next 5,000	1.5%	0.00269	0.01295	0.02178	0.03635
Next 30,000	1.4%	0.00337	0.01295	0.02178	0.03635
Over 50,000	0.5%	0.00449	0.01295	0.02178	0.03635
Note: Recommended outside City volume charges are 1.5 times greater than inside City volume charges in accordance with City policy.					

1.2.5.3. Commercial Volume Charges

Recommended commercial volume charges use a seasonal uniform rate structure to encourage water efficiency. The seasonal volume charges include a winter volume charge for November through April and a summer volume charge for May through October. Summer volume charges are 25% greater than winter volume charges.

Table 1-3 compares existing and recommended inside city commercial water volume charges. Outside City volume charges are 1.5 times greater than inside City volume charges in accordance with City policy.

Table 1-3.
Comparison of Existing and Recommended
Commercial Inside City Water Volume Charges

Monthly Usage Block	Percent of Total Usage	Existing Rates	Recommended Rates					
			2012-13		2013-14		2014-15	
			Winter	Summer	Winter	Summer	Winter	Summer
(gallons)		(per gallon)	(per gallon)	(per gallon)	(per gallon)	(per gallon)	(per gallon)	(per gallon)
5/8-inch Meter								
First 2,000	19.5%	\$0.00000	\$0.00319	\$0.00399	\$0.00536	\$0.00670	\$0.00797	\$0.00997
Next 4,000	22.9%	0.00202	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 4,000	13.7%	0.00224	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 5,000	10.4%	0.00246	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 5,000	7.3%	0.00269	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 30,000	19.0%	0.00337	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Over 50,000	7.2%	0.00449	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
1-inch Meter								
First 10,000	32.5%	0.00000	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 90,000	61.6%	0.00246	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Over 100,000	5.9%	0.00449	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
2-inch Meter								
First 10,000	12.7%	0.00000	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 90,000	52.0%	0.00246	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 900,000	35.3%	0.00269	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Over 1,000,000	0.0%	0.00449	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
3-, 4- and 6-inch Meters								
First 10,000	9.5%	0.00000	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 90,000	50.4%	0.00246	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Next 900,000	39.2%	0.00269	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Over 1,000,000	0.9%	0.00292	0.00319	0.00399	0.00536	0.00670	0.00797	0.00997
Note: Recommended outside City volume charges are 1.5 times greater than inside City volume charges in accordance with City policy.								

1.2.5.4. Impact on Residential Monthly Water Bills

Table 1-4 compares typical inside city residential monthly water bills under existing and recommended rates. The median monthly residential bill (3,000 gallons) will increase \$2.06 under recommended FY 2012-13 rates.

Table 1-4.
Comparison of Inside City
Residential Monthly Water Bills - 5/8" Meter

Monthly Usage	Percent of Total Bills	Cumul. Percent	Existing Rates	Recommended 2012-13 Rates		Recommended 2013-14 Rates		Recommended 2014-15 Rates	
				Amount	Change	Amount	Change	Amount	Change
(gallons)									
0	9.1%	9.1%	\$15.26	\$15.00	(\$0.26)	16.80	1.80	18.60	1.80
1,000	8.2%	17.3%	15.26	16.02	0.76	18.52	2.50	21.47	2.95
2,000	13.3%	30.6%	15.26	17.04	1.78	20.24	3.20	24.34	4.10
3,000	14.6%	45.2%	17.28	19.34	2.06	24.11	4.77	30.80	6.69
4,000	13.7%	58.9%	19.30	21.64	2.34	27.98	6.34	37.26	9.28
5,000	11.8%	70.7%	21.32	23.94	2.62	31.85	7.91	43.72	11.87
6,000	8.7%	79.4%	23.34	26.24	2.90	35.72	9.48	50.18	14.46
7,000	6.2%	85.6%	25.58	31.42	5.84	44.43	13.01	64.72	20.29
8,000	4.2%	89.7%	27.82	36.60	8.78	53.14	16.54	79.26	26.12
9,000	2.8%	92.5%	30.06	41.78	11.72	61.85	20.07	93.80	31.95
10,000	1.9%	94.4%	32.30	46.96	14.66	70.56	23.60	108.34	37.78

1.2.5.5. Fire Line Charges

The City provides fire protection service to about 40 fire line customers. The existing fire line charges vary by fire line size. Red Oak recommends lowering these charges through a multi-year transition to more equitably recover the cost of this service. Table 1-5 compares existing and recommended monthly fire line charges. The recommended fire line charges represent the first three years of a 10-year transition period.

Table 1-5.
Comparison of Existing and Recommended
Monthly Fire Line Charges

Line Size	No. of Accounts	Existing Fire Line Charges	Recommended Fire Line Charges		
			2012-13	2013-14	2014-15
(inch)		(per bill)	(per bill)	(per bill)	(per bill)
1	0	\$157.65	\$142.00	\$127.00	\$112.00
2	0	315.30	285.00	254.00	223.00
3	11	315.30	286.00	256.00	226.00
4	17	472.95	429.00	385.00	341.00
6	9	630.60	575.00	519.00	464.00
8	3	788.25	727.00	667.00	604.00

1.3. Wastewater Utility Rates

The City provides wastewater service to approximately 4,600 residential and commercial customer accounts. Funding for the wastewater utility is derived primarily from rates.

1.3.1. Assumptions

In addition to the general study assumptions described on Page 1-1, there are assumptions that are specific to the wastewater rate study. Changes in these assumptions could have a material effect on study findings. Red Oak incorporated the following key assumptions into the wastewater rate study:

- Wastewater administrative fee is capped at FY 2011-12 budget level of \$270,000.
- Wastewater utility unrestricted cash reserves at the beginning of FY 2011-12 are as follows:

Operating Fund	\$1,818,471
Capital Fund	<u>1,195,067</u>
Total	\$3,013,538

- The wastewater utility will strive to maintain the following reserve levels:
 - ◆ Operating reserves of 90 days of O&M plus
 - ◆ Capital reserves of \$820,000 by FY 2014-15.

1.3.2. Financial Plan

Red Oak developed a wastewater utility financial plan for the study period. This plan forecasts the level of revenue needed from wastewater rates to meet annual revenue requirements and fund the capital improvement program. Principal wastewater utility financial plan findings are as follows:

- Utility staff has developed a \$2.2 million wastewater capital improvement program for the five-year study period comprised mainly of repair and replacement capital projects.
- Wastewater service charge revenue needs to be increased through wastewater rate adjustments to fund revenue requirements, meet debt service coverage requirements, and provide adequate reserves during the study period. Future revenue increases include 15% in both FY 2012-13 and FY 2013-14 and 7% in both FY 2014-15 and FY 2015-16.
- Red Oak recommends annually updating the financial plan to reflect changes in billable water usage, revenue, operating expenses, capital improvement needs, and capital financing requirements.

1.3.3. Cost of Service

Red Oak conducted a comprehensive wastewater utility cost of service analysis in accordance with standard methods supported by the Water Environment Federation. This analysis determined the cost of providing wastewater service to residential and commercial customers.

1.3.4. Existing Rates

Existing wastewater rates have been in effect since August 2010 and include base and volume charges. Existing wastewater rates have the following structure:

- Monthly base charges vary by meter size and customer type.
- Volume charges use a uniform structure and vary by customer class.

1.3.5. Recommended Rates

Red Oak recommends wastewater rates that will produce targeted wastewater service charge revenue and initiate the transition toward equitable recovery of class cost of service. These rates will increase annual wastewater service charge revenue by 15% in both FY 2012-13 and FY 2013-14 and 7% in FY 2014-15. .

1.3.5.1. Monthly Base Charges

Recommended monthly base charges vary by meter size and represent the initial transition toward cost of service rates. Table 1-6 compares existing and recommended monthly base charges for inside City customers. Outside City base charges are 1.5 times greater than inside City base charges in accordance with City policy.

**Table 1-6.
Comparison of Existing and Recommended
Inside City Monthly Wastewater Base Charges**

Meter Size	Existing Rates	Recommended Rates		
		2012-13	2013-14	2014-15
(inch)	(per bill)	(per bill)	(per bill)	(per bill)
Residential				
5/8	\$4.92	\$7.50	\$10.50	\$12.10
1	4.92	12.30	20.70	25.20
Commercial				
5/8	12.01	12.60	13.10	13.40
1	21.32	23.90	26.80	28.40
2	85.28	86.60	88.20	89.00
4	341.11	341.11	341.11	341.11
6	767.58	767.58	767.58	767.58
Note: Recommended outside City base charges are 1.5 times greater than inside City base charges in accordance with City policy.				

1.3.5.2. Volume Charges

Recommended volume charges use a uniform rate structure and represent the initial transition toward cost of service rates. Table 1-7 compares existing and recommended wastewater volume charges for inside City customers. Outside City charges are 1.5 times greater than inside City charges in accordance with City policy.

**Table 1-7.
Comparison of Existing and Recommended
Inside City Wastewater Volume Charges**

Customer Class	Existing Volume Charges	Recommended Volume Charges		
		2012-13	2013-14	2014-15
	<i>(per gallon)</i>	<i>(per gallon)</i>	<i>(per gallon)</i>	<i>(per gallon)</i>
Residential	\$0.00469	\$0.00512	\$0.00561	\$0.00587
Commercial	0.00403	0.00465	0.00536	0.00575
Note: Recommended outside City volume charges are 1.5 times greater than inside City volume charges in accordance with City policy.				

1.3.5.3. Impact on Residential Monthly Wastewater Bills

Table 1-8 compares typical residential monthly wastewater bills under existing and recommended rates. The monthly bill for the median residential customer (2,000 gallons) would increase \$3.44 under recommended FY 2012-13 rates.

**Table 1-8.
Comparison of Inside City
Residential Monthly Wastewater Bills - 5/8" Meter**

Billable Monthly Usage	Existing Rates	Recommended 2012-13 Rates		Recommended 2013-14 Rates		Recommended 2014-15 Rates	
		Amount	Change	Amount	Change	Amount	Change
<i>(gallons)</i>							
0	\$4.92	\$7.50	\$2.58	\$10.50	\$3.00	\$12.10	\$1.60
1,000	9.61	12.62	3.01	16.11	3.49	17.97	1.86
2,000	14.30	17.74	3.44	21.72	3.98	23.84	2.12
3,000	18.99	22.86	3.87	27.33	4.47	29.71	2.38
4,000	23.68	27.98	4.30	32.94	4.96	35.58	2.64
5,000	28.37	33.10	4.73	38.55	5.45	41.45	2.90
6,000	33.06	38.22	5.16	44.16	5.94	47.32	3.16
7,000	37.75	43.34	5.59	49.77	6.43	53.19	3.42
8,000	42.44	48.46	6.02	55.38	6.92	59.06	3.68
9,000	47.13	53.58	6.45	60.99	7.41	64.93	3.94
10,000	51.82	58.70	6.88	66.60	7.90	70.80	4.20

1.4. Gas Utility Rates

The City provides natural gas service to approximately 4,500 residential and commercial customer accounts. Funding for the gas utility is derived primarily from rates.

1.4.1. Assumptions

In addition to the general study assumptions described on Page 1-1, there are assumptions that are specific to the gas rate study. Changes in these assumptions could have a material effect on study findings. Red Oak incorporated the following key assumptions into the gas rate study:

- Gas administrative fee is 9% of budgeted revenue in FY 2011-12, 8% of budgeted revenue in FY 2012-13, and 7% of budgeted revenue for the remainder of the study period.
- Gas utility unrestricted cash reserves at the beginning of FY 2011-12 are as follows:

Operating Fund	\$2,234,006
Capital Fund	<u>642,892</u>
Total	\$2,876,898

- The gas utility will strive to maintain the following reserve levels:
 - ◆ Operating reserves of 90 days of O&M plus
 - ◆ Capital reserves of up to 3% of fixed assets.

1.4.2. Financial Plan

Red Oak developed a gas utility financial plan for the study period. This plan forecasts the level of revenue needed from gas rates to meet annual revenue requirements and fund the capital improvement program. Principal gas utility financial plan findings are as follows:

- Utility staff has developed a \$3.5 million gas capital improvement program (CIP) for the five-year study period comprised of \$1.8 million of repair and replacement capital projects, \$620,000 for system expansion, \$560,000 for transmission main and \$560,000 to replace meters with auto meter reading equipment.
- Gas sales revenue under existing rates is adequate to fund revenue requirements and provide targeted reserves during the study period. Therefore, Red Oak recommends that existing rates be maintained throughout the study period.
- Red Oak recommends annually updating the financial plan to reflect changes in usage, revenue, operating expenses, capital improvement needs, and capital financing requirements.

City of Las Vegas, New Mexico
Water, Wastewater and Gas Utilities Rate Study

APPENDIX

A

Water Rates



Table 1-1
Water Utility
Decision Criteria
Fiscal Year Ending June 30

Line No.		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u> <u>2012 - 2016</u>
Operating Fund								
1	Transfer TO Capital Fund		\$0	\$500,000	\$500,000	\$600,000	\$700,000	\$2,300,000
2	Transfer TO Water Rights Fund		\$0	\$250,000	\$500,000	\$550,000	\$550,000	
3	Total Debt Service		403,839	1,156,877	1,755,539	2,718,793	3,003,828	
4	Water Service Revenue Increases							
5	Months Increase is Effective in First Year		3	8	12	12	12	
6	Annualized Percentage Increase		0.00%	26.00%	26.00%	26.00%	7.00%	114.04%
7	Annual Surplus (Deficiency)		755,420	(52,181)	162,645	300,729	285,287	
8	Ending Fund Balance	\$486,019	1,241,439	1,189,258	1,351,902	1,652,631	1,937,919	
9	Target Ending Balance (90 days of O&M)		636,500	659,800	724,300	739,900	755,900	
10	Debt Service Coverage		195%	130%	130%	130%	130%	
Capital Fund								
11	Capital Improvements Deferred		\$0	\$0	\$0	\$0	\$0	
12	Bond Issues		\$0	\$21,700,000	\$0	\$22,170,000	\$0	\$43,870,000
13	Grants		\$0	\$600,000	\$0	\$0	\$0	\$600,000
14	State and Other Loan Amounts		\$0	\$0	\$0	\$0	\$0	\$0
15	Cash Funded CIP		\$960,000	\$1,000,000	\$1,040,000	\$1,080,000	\$1,130,000	
16	Bond Funded CIP		\$0	\$10,100,000	\$10,100,000	\$9,800,000	\$10,200,000	
17	Total CIP		\$960,000	\$11,100,000	\$11,140,000	\$10,880,000	\$11,330,000	\$45,410,000
18	Total Adjusted CIP		\$960,000	\$11,100,000	\$11,140,000	\$10,880,000	\$11,330,000	\$45,410,000
19	Ending Fund Balance	\$1,749,608	796,008	11,326,308	1,217,708	11,881,096	1,785,296	
20	Minimum Ending Balance		490,000	790,000	1,090,000	1,390,000	1,690,000	
Gross Receipts Tax Fund								
21	Gross Receipts Tax Proceeds		\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	
22	Transfer TO Operating Fund		\$403,839	\$670,000	\$670,000	\$670,000	\$670,000	
23	Transfer TO Capital Fund		\$0	\$500,000	\$500,000	\$600,000	\$500,000	
24	Ending Fund Balance	\$2,134,346	2,400,507	1,900,507	1,400,507	800,507	300,507	
25	Target Ending Balance		0	0	0	0	0	
Water Rights Fund								
26	Ending Fund Balance	\$670,418	443,218	189,818	170,568	185,714	184,786	
27	Target Ending Balance		150,000	150,000	150,000	150,000	150,000	
Total Water Fund								
28	Bond Issues		\$0	\$21,700,000	\$0	\$22,170,000	\$0	
29	Capital Improvement Program		\$960,000	\$11,100,000	\$11,140,000	\$10,880,000	\$11,330,000	
30	Ending Fund Balance	\$5,040,391	\$4,881,172	\$14,605,891	\$4,140,685	\$14,519,948	\$4,208,508	
31	Target Ending Balance		1,276,500	1,599,800	1,964,300	2,279,900	2,595,900	
32	Total Proposed Debt Service		0	750,232	1,352,497	2,315,548	2,962,746	

Table 1-2
Water Utility
Operating Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Projected				
		2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	486,019	1,241,439	1,189,258	1,351,902	1,652,631
	Revenues					
2	Revenue from Existing Water Rates	3,236,405	3,228,411	3,220,455	3,212,522	3,204,753
3	Additional Water Rate Revenue Requirec	0	559,591	1,892,339	3,213,730	3,654,708
4	Total Water Rate Revenue	3,236,405	3,788,002	5,112,794	6,426,252	6,859,461
5	Miscellaneous Revenue	127,390	103,100	103,100	103,100	103,100
6	Interest	4,300	6,100	6,400	7,500	9,000
7	Total Revenues	3,368,095	3,897,202 (770,610)	5,222,294	6,536,852	6,971,561
	Revenue Requirements					
8	Operation & Maintenance Expense	2,180,024	2,390,706	2,501,311	2,564,530	2,629,646
9	Lease Payment	0	0	0	0	0
10	Franchise Tax Fee 4%	134,552	140,000	140,000	140,000	140,000
	Debt Service					
11	Existing	403,839	406,645	403,042	403,245	41,082
12	Proposed	-	750,232	1,352,497	2,315,548	2,962,746
13	Total Debt Service	403,839	1,156,877	1,755,539	2,718,793	3,003,828
	Transfers TO / (FROM)					
14	Capital Fund	0	500,000	500,000	600,000	700,000
15	647 - Water Rights Fund	0	250,000	500,000	550,000	550,000
16	646 - Gross Receipts Tax Fund	(403,839)	(670,000)	(670,000)	(670,000)	(670,000)
17	545 - Utilities Admin (O&M) Func	190,000	170,000	190,000	190,000	190,000
18	546 - Utilities Services (O&M) Fund	181,300	85,000	216,000	216,000	216,000
19	336 - Computer System (O&M) Fund	30,000	30,000	30,000	30,000	30,000
20	641 - Replacement Fund	0	0	0	0	0
21	642 - Capital Outlay/Reserve Func	0	0	0	0	0
22	643 - Construction Fund	0	0	0	0	0
23	645 - NMFA Debt Service Cash Loan Func	0	0	0	0	0
24	646 - Improvement Bonds Fund	0	0	0	0	0
25	648 - NMFA Bond Debt Func	0	0	0	0	0
26	649 - Meter Deposits Fund	0	0	0	0	0
27	102 - Sick Leave (O&M) Fund	0	0	0	0	0
28	630 - Solid Waste Loan Repayment	(103,200)	(103,200)	(103,200)	(103,200)	(103,200)
29	Total Transfers	(105,739)	261,800	662,800	812,800	912,800
30	Total Revenue Requirements	2,612,676	3,949,383	5,059,650	6,236,123	6,686,274
31	Annual Surplus (Deficiency)	755,420	(52,181)	162,645	300,729	285,287
32	Ending Balance	1,241,439	1,189,258	1,351,902	1,652,631	1,937,919
33	Target Ending Balance (90 days of O&M)	636,500	659,800	724,300	739,900	755,900
34	Revenue Bond Debt Service Coverage	195%	130%	130%	130%	130%
	Required Water Rate Increases					
35	Overall Annual Increase	0.0%	26.0%	26.0%	26.0%	7.0%
36	Cumulative Increase	0.0%	26.0%	58.8%	100.0%	114.0%

Table 1-3
Water Utility
Capital Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Projected				
		2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	1,749,608	796,008	11,326,308	1,217,708	11,881,096
	Source of Funds					
2	Tap Fees	0	0	0	0	0
3	Transfer FROM Operating Fund	0	500,000	500,000	600,000	700,000
4	GRT Proceeds	0	500,000	500,000	600,000	500,000
5	Bond Proceeds	0	21,700,000	0	22,170,000	0
6	Grant Proceeds	0	600,000	0	0	0
7	State & Other Loan Proceeds	0	0	0	0	0
8	Interest	6,400	30,300	31,400	32,700	34,200
9	Total Sources	6,400	23,330,300	1,031,400	23,402,700	1,234,200
	Uses of Funds					
10	Capital Improvements					
11	Major Capital	0	10,100,000	10,100,000	9,800,000	10,200,000
12	Routine Capital	960,000	1,000,000	1,040,000	1,080,000	1,130,000
13	Deferred	0	0	0	0	0
14	Total CIP	960,000	11,100,000	11,140,000	10,880,000	11,330,000
15	Debt Issuance Expense	0	186,581	0	190,762	0
16	Debt Service Reserve Requirement	0	1,513,420	0	1,668,550	0
17	Total Uses	960,000	12,800,000	11,140,000	12,739,312	11,330,000
18	Annual Surplus (Deficiency)	(953,600)	10,530,300	(10,108,600)	10,663,388	(10,095,800)
19	Ending Balance	796,008	11,326,308	1,217,708	11,881,096	1,785,296
20	Target Ending Balance (3% of fixed assets)	490,000	790,000	1,090,000	1,390,000	1,690,000

Table 1-4
Water Utility
Gross Receipts Tax Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Projected				
		2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	2,134,346	2,400,507	1,900,507	1,400,507	800,507
	Source of Funds					
2	Gross Receipts Tax	670,000	670,000	670,000	670,000	670,000
3	Total Sources	670,000	670,000	670,000	670,000	670,000
	Uses of Funds					
4	Transfer to Operating Fund	403,839	670,000	670,000	670,000	670,000
5	Transfer to Capital Fund	0	500,000	500,000	600,000	500,000
6	Total Uses of Funds	403,839	1,170,000	1,170,000	1,270,000	1,170,000
7	Annual Surplus (Deficiency)	266,161	(500,000)	(500,000)	(600,000)	(500,000)
8	Ending Balance	2,400,507	1,900,507	1,400,507	800,507	300,507
9	Target Ending Balance	0	0	0	0	0

Table 1-5
Water Utility
Water Rights Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Projected				
		2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Balance	670,418	443,218	189,818	170,568	185,714
	Sources of Funds					
2	Water Rights	0	0	0	0	0
3	Operating Fund Transfer	0	250,000	500,000	550,000	550,000
4	Interest	2,800	1,600	900	900	900
5	Total Sources	2,800	251,600	500,900	550,900	550,900
	Uses of Funds					
6	Water Rights	0	275,000	283,250	291,748	300,500
	Attorney Fees	150,000	150,000	154,500	159,135	163,909
	Other Professional Services	80,000	80,000	82,400	84,872	87,418
7	Total Uses	230,000	505,000	520,150	535,755	551,827
8	Annual Surplus (Deficiency)	(227,200)	(253,400)	(19,250)	15,146	(927)
9	Ending Balance	443,218	189,818	170,568	185,714	184,786
	Target Ending Balance	150,000	150,000	150,000	150,000	150,000

Table 1-6
Water Utility
Operation & Maintenance Expense Summary
Fiscal Year Ending June 30

Line No.	Description	Projected				
		2012	2013	2014	2015	2016
		\$	\$	\$	\$	\$
	Salaries					
1	Existing FTE's	687,297	732,650	754,629	777,268	800,586
2	Additional FTE's	0	0	0	0	0
3	Subtotal Salaries	687,297	732,650	754,629	777,268	800,586
4	Fringe Benefits	324,993	297,212	356,831	367,536	378,562
	Supplies					
5	Chemicals	45,000	41,000	42,230	43,497	44,802
6	All Other	12,000	13,900	14,317	14,747	15,189
7	Subtotal Supplies	57,000	54,900	56,547	58,243	59,991
8	Travel	49,500	60,000	61,800	63,654	65,564
	Other Operating					
9	Attorney	20,000	6,500	6,695	6,896	7,103
10	Utilities	160,000	180,000	185,400	190,962	196,691
11	All Other	183,230	181,445	186,888	192,495	198,270
12	Subtotal Other Operating	363,230	367,945	378,983	390,353	402,063
13	Maintenance	212,000	229,000	235,870	242,946	250,234
	Other					
14	Administrative Fee	356,005	394,000	394,000	394,000	394,000
15	All Other	130,000	255,000	262,650	270,530	278,645
16	Subtotal Other	486,005	649,000	656,650	664,530	672,645
17	Total O&M*	2,180,024	2,390,706	2,501,311	2,564,530	2,629,646

*Excludes franchise tax of \$130,000 and furniture and equipment of \$740,000. Franchise tax is in operating fund and furniture and equipment is in CIP

Table 1-7
Water Utility
Inflated Capital Improvement Program
Fiscal Year Ending June 30

Line No.	Description	Funding	Budgeted 2012 \$	2012 \$	2013 \$	2014 \$	2015 \$	Projected						Total 2012-2021 \$
								2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	
	Major Capital													
1	Peterson Dam Expansion and Dam Safety Improvements (R	Bond	0	0	10,100,000	10,100,000	0	0	0	0	0	0	0	20,200,000
2	Other Bond Funded Projects*	Bond	0	0	0	0	9,800,000	10,200,000	5,000,000	5,200,000	5,400,000	5,600,000	5,800,000	47,000,000
3	Subtotal		0	0	10,100,000	10,100,000	9,800,000	10,200,000	5,000,000	5,200,000	5,400,000	5,600,000	5,800,000	67,200,000
	Routine Capital													
4	Bradner Dam Engineering Stability Analysis Assessing dam f	Cash	0	0	0	0	0	0	0	0	0	0	0	0
5	Stabilize Foundation and Repair Cracked Masonry Walls in F	Cash	0	0	0	0	0	0	0	0	0	0	0	0
6	Annual Leak Repair and Replacement	Cash	0	0	0	0	0	0	0	0	0	0	0	0
7	Identified Finished Water Distribution Improv.	Cash	0	0	0	0	0	0	0	0	0	0	0	0
8	Finished Water Distribution System Improve Grand Avenue L	Cash	0	0	0	0	0	0	0	0	0	0	0	0
9	Reservoir Maintenance Distribution, Storage and Booster Sta	Cash	0	0	0	0	0	0	0	0	0	0	0	0
10	Parts & Supplies, Distribution System Maint.	Cash	0	0	0	0	0	0	0	0	0	0	0	0
11	Tank Cleaning & Rehabilitation (in line #7,	Cash	0	0	0	0	0	0	0	0	0	0	0	0
12	Services and Meters	Cash	0	0	0	0	0	0	0	0	0	0	0	0
13	Equipment Repair and Replacement	Cash	0	0	0	0	0	0	0	0	0	0	0	0
14	PLC Alarm System Upgrades	Cash	0	0	0	0	0	0	0	0	0	0	0	0
15	SCADA (PER Priority #3)	Cash	0	0	0	0	0	0	0	0	0	0	0	0
16	Alternative Disinfection/TTHM Reduction (in Line #4)	Cash	0	0	0	0	0	0	0	0	0	0	0	0
17	Wells, Maintenance and Repair (in line #6)	Cash	0	0	0	0	0	0	0	0	0	0	0	0
18	Heavy Equipment/Vehicles	Cash	0	0	0	0	0	0	0	0	0	0	0	0
19	Tampers	Cash	0	0	0	0	0	0	0	0	0	0	0	0
20	Professional Service (in Lines # 1 - 12)	Cash	0	0	0	0	0	0	0	0	0	0	0	0
21	Furniture & Equipment (in line #8)	Cash	0	0	0	0	0	0	0	0	0	0	0	0
27	Subtotal Cash Funded		0	960,000	1,000,000	1,040,000	1,080,000	1,130,000	1,170,000	1,220,000	1,270,000	1,320,000	1,370,000	11,560,000
28	Total Capital Improvements (inflated costs)		0	960,000	11,100,000	11,140,000	10,880,000	11,330,000	6,170,000	6,420,000	6,670,000	6,920,000	7,170,000	78,760,000

Table 1-8
Water Utility
Existing Debt Service
Fiscal Year Ending June 30

Line No.	Description	Payment Type	Projected				
			<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	NMFA Series 1995A 645	P & I	\$28,532	\$28,531	\$28,531	\$28,531	0
2	NMFA Series 2003B 648	P & I	334,225	337,031	333,429	333,632	0
3	Series 2011 NMFA WTB-218 (\$50K loan)	P & I	2,566	2,566	2,566	2,566	2,566
4	Series 2011 NMFA WTB-218 (\$132K loan)	P & I	6,775	6,775	6,775	6,775	6,775
5	Series 2011 NMFA WTB-219 (\$618K loan)	P & I	31,741	31,742	31,741	31,741	31,741
6	Total Existing Debt Service		\$403,839	\$406,645	\$403,042	\$403,245	\$41,082

**Table 1-9
Water Utility
Revenue Requirements
2013 Test Year**

Line No.		Amount (\$)
	Operating Expenses	
1	Operations and Maintenance Expense	2,390,706
2	545 - Utilities Admin	170,000
3	546 - Utilities Services	85,000
4	336 - Computer System	30,000
5	102 - Sick Leave	0
6	Total Operating Expenses	2,675,706
7	Franchise Fee	140,000
	Capital Costs	
8	Lease Payment	0
	Transfers TO / (FROM)	
9	Capital Fund	500,000
10	Water Rights Fund	250,000
11	GRT Proceeds	(670,000)
12	641 - Replacement Fund	0
13	642 - Capital Outlay/Reserve	0
14	643 - Construction Fund	0
15	645 - NMFA Debt Service Cash Loan Fund	0
16	646 - Improvement Bonds Fund	0
17	648 - NMFA Bond Debt Fund	0
18	649 - Meter Deposits Fund	0
19	630 - Solid Waste Loan Repayment	(103,200)
	Debt Service	
20	Existing	406,645
21	Proposed	750,232
22	Total Capital Costs	1,133,677
23	Total Cost of Service	3,949,383
	Adjustments	
	Revenue from Other Sources	
24	Interest Income	(6,100)
25	Miscellaneous	(103,100)
26	Total Revenue from Other Sources	(109,200)
27	Increase (Decrease) in Operating Reserves	227,615
28	Total Adjustments	118,415
29	Net Cost of Service	4,067,798

Table 1-10
Water Utility
Units Of Service
2013 Test Year

Line No.	Customer Class	Annual Usage 1,000 gal	Average Daily Usage 1,000 gpd	Maximum Day Requirements			Maximum Hour Requirements			Number of Monthly Bills	Equivalent 5/8-inch Meters (Meter Cost)	Equivalent 8-inch Meter Meter Capacity	Equivalent 6" Hydrants
				Demand Factor	Total Demand 1,000 gpd	Extra Demand 1,000 gpd	Demand Factor	Total Demand 1,000 gpd	Extra Demand 1,000 gpd				
Inside City													
1	Residential	231,175	633	170%	1,077	443	260%	1,647	570	55,571	55,879	56,404	
2	Small Commercial	49,836	137	170%	232	96	260%	355	123	5,768	5,768	5,768	
3	Large Commercial	110,222	302	170%	513	211	260%	785	272	2,617	15,325	22,656	
4	Public Fire Protection				193	193		2,319	2,126				449.66
5	Private Fire Protection				11	11		138	126				27
6	Total Inside City	391,233			2,027	955		5,244	3,217	63,956	76,972	84,828	476
Outside City													
7	Residential	62,895	172	170%	293	121	260%	448	155	12,968	13,040	13,163	
8	Small Commercial	5,432	15	170%	25	10	260%	39	13	388	388	388	
9	Large Commercial	7,975	22	170%	37	15	260%	57	20	324	1,203	1,927	
10	Public Fire Protection				35	35		423	388				82.04
11	Total Outside City	76,302			391	182		967	576	13,680	14,631	15,478	82
Fire Protection													
12	Public												
13	Private												
14	TOTAL	467,534	1,281	10	2,622	1,341	0	8,667	6,045	77,636	91,604	100,305	558

Table 1-11
Water Utility
Unit Cost Of Service
2013 Test Year

Line No.	Description	Total (\$)	Base (\$)	Extra Capacity		Customers			Direct Fire Protection (\$)
				Max Day (\$)	Max Hour (\$)	Billing (\$)	Meters (\$)	Distribution Mains (\$)	
OPERATING EXPENSES									
1	Existing Salaries	732,650	315,779	157,890	5,550	0	33,302	186,826	33,302
2	Additional FTE's	0	0	0	0	0	0	0	0
3	Fringe Benefits	297,212	128,101	64,051	2,252	0	13,510	75,789	13,510
4	Supplies								
5	Chemicals	41,000	41,000	0	0	0	0	0	0
6	All Other	13,900	10,856	1,153	41	0	243	1,364	243
	Travel	60,000	46,860	4,977	175	0	1,050	5,889	1,050
7	Other Operating								
8	Attorney	6,500	6,500	0	0	0	0	0	0
9	Utilities	180,000	180,000	0	0	0	0	0	0
10	All Other	181,445	141,708	15,050	529	0	3,174	17,808	3,174
11	Maintenance	229,000	178,849	18,995	668	0	4,006	22,476	4,006
12	Other	255,000	199,155	21,151	744	0	4,461	25,028	4,461
13	Administrative Fee	394,000	307,714	32,681	1,149	0	6,893	38,670	6,893
14	545 - Utilities Admin	170,000	132,770	14,101	496	0	2,974	16,685	2,974
15	546 - Utilities Services	85,000	0	0	0	85,000	0	0	0
16	336 - Computer System	30,000	0	0	0	30,000	0	0	0
17	102 - Sick Leave	0	0	0	0	0	0	0	0
18	TOTAL OPERATING EXPENSES	2,675,706	1,689,293	330,048	11,602	115,000	69,614	390,535	69,614
			63.1%	12.3%	0.4%	4.3%	2.6%	14.6%	2.6%
19	Franchise Fee	140,000	109,340	11,613	408	0	2,449	13,741	2,449
20	Lease Payment	0	0	0	0	0	0	0	0
Transfers TO / (FROM)									
21	Capital Fund	500,000	194,444	97,222	8,333	0	25,000	150,000	25,000
22	Water Rights Fund	250,000	97,222	48,611	4,167	0	12,500	75,000	12,500
23	GRT Proceeds	(670,000)	(260,556)	(130,278)	(11,167)	0	(33,500)	(201,000)	(33,500)
24	641 - Replacement Fund	0	0	0	0	0	0	0	0
25	642 - Capital Outlay/Reserve	0	0	0	0	0	0	0	0
26	643 - Construction Fund	0	0	0	0	0	0	0	0
27	645 - NMFA Debt Service Cash Loan Fund	0	0	0	0	0	0	0	0
28	646 - Improvement Bonds Fund	0	0	0	0	0	0	0	0
29	648 - NMFA Bond Debt Fund	0	0	0	0	0	0	0	0
30	649 - Meter Deposits Fund	0	0	0	0	0	0	0	0
31	630 - Solid Waste Loan Repayment	(103,200)	(40,133)	(20,067)	(1,720)	0	(5,160)	(30,960)	(5,160)
Debt Service									
32	Existing	406,645	158,140	79,070	6,777	0	20,332	121,994	20,332
33	Proposed	750,232	291,757	145,878	12,504	0	37,512	225,070	37,512
34	TOTAL CAPITAL COSTS	1,133,677	440,874	220,437	18,895	0	56,684	340,103	56,684
			38.9%	19.4%	1.7%	0.0%	5.0%	30.0%	5.0%
35	TOTAL COST OF SERVICE	3,949,383	2,239,507	562,098	30,905	115,000	128,747	744,379	128,747
ADJUSTMENT TO COST OF SERVICE									
36	Interest Income	(6,100)	(3,459)	(868)	(48)	(178)	(199)	(1,150)	(199)
37	Miscellaneous	(103,100)	(58,463)	(14,674)	(807)	(3,002)	(3,361)	(19,432)	(3,361)
38	Annual Surplus / (Deficit)	227,615	129,069	32,395	1,781	6,628	7,420	42,901	7,420
39	Total Adjustments	118,415	67,147	16,853	927	3,448	3,860	22,319	3,860
40	Net Cost of Service	4,067,798	2,306,654	578,951	31,832	118,448	132,608	766,698	132,608
41			57%	14%	1%	3%	3%	19%	3%
			Annual Usage	Max Day Extra	Max Hour Extra	Bills	Meter Cost	Meter Capacity	6" Equiv
			kgals	Demand	Demand		Eq 5/8" meter	Eq 5/8" meter	Hydrants
				kgd	kgd				
ADJUSTED UNITS OF SERVICE									
42	Inside City	391,233		955	3,217	63,956	76,972	84,828	476
43	Outside City*	114,452		272	864	20,520	21,947	23,216	123
44	Total Adjusted Units of Service	505,685		1,227	4,081	84,476	98,919	108,044	599
UNITS COST OF SERVICE - \$ per Unit									
45	Inside City		4.5614	471.6740	7.8003	1.4022	1.3406	7.0962	221.2405
46	Outside City		6.8422	707.5109	11.7004	2.1032	2.0108	10.6443	331.8607

*Units of service developed for outside City service reflect the City's policy maintaining a 1.50 differential to inside City rates.

**Table 1-12
Water Utility
Allocation of Cost of Service
to Customer Classes
2013 Test Year**

Line No.		Total	Base	Extra Capacity		Customers			Direct Fire Protection	Public Fire Protection
				Max Day	Max Hour	Billing	Meters	Distribution Mains		
	UNIT COSTS OF SERVICE - \$ per unit									
1	Inside City		4.5614	471.6740	7.8003	1.4022	1.3406	7.0962	221.2405	2.4429
2	Outside City		6.8422	707.5109	11.7004	2.1032	2.0108	10.6443	331.8607	3.6644
	INSIDE CITY									
3	Residential									
4	Units of Service		231,175	443	570	55,571	55,879	56,404	0	56,404
5	Cost of Service - \$	1,958,925	1,054,493	209,117	4,446	77,919	74,909	400,249	0	137,791
	Small Commercial									
6	Units of Service		49,836	96	123	5,768	5,768	5,768	0	5,768
7	Cost of Service - \$	344,202	227,322	45,080	959	8,088	7,732	40,931	0	14,091
	Large Commercial									
8	Units of Service		110,222	211	272	2,617	15,325	22,656	0	22,656
9	Cost of Service - \$	844,928	502,771	99,704	2,120	3,669	20,545	160,771	0	55,347
	Public Fire Protection									
10	Units of Service		0	193	2,126	0	0	0	450	
11	Cost of Service - \$	0	0	91,163	16,584	0	0	0	99,482	
	Private Fire Protection									
12	Units of Service		0	11	126	0	0	0	27	
13	Cost of Service - \$	12,287	0	5,405	983	0	0	0	5,898	
	OUTSIDE CITY									
	Residential									
14	Units of Service		62,895	121	155	12,968	13,040	13,163	0	13,163
15	Cost of Service - \$	759,333	430,337	85,340	1,815	27,275	26,222	140,110	0	48,235
	Small Commercial									
16	Units of Service		5,432	10	13	388	388	388	0	388
17	Cost of Service - \$	51,842	37,167	7,371	157	816	780	4,130	0	1,422
	Large Commercial									
18	Units of Service		7,975	15	20	324	1,203	1,927	0	1,927
19	Cost of Service - \$	96,282	54,565	10,821	230	681	2,419	20,506	0	7,060
	Public Fire Protection									
20	Units of Service		0	35	388	0	0	0	82	
21	Cost of Service - \$	0	0	24,950	4,539	0	0	0	27,227	
22	TOTAL COST OF SERVICE	4,067,798	2,306,654	578,951	31,832	118,448	132,608	766,698	132,608	

Table 1-13
Water Utility
Comparison of Adjusted Cost of Service
with Revenue Under Existing Rates

<u>Line No.</u>	<u>Customer Class</u>	<u>Revenue Under Existing Rates</u> \$	<u>2013 Cost of Service</u> \$	<u>Indicated Revenue Increase</u> %
Inside City				
1	Residential	1,156,545	1,958,925	69.4%
2	Small Commercial	303,169	344,202	13.5%
3	Large Commercial	1,021,695	844,928	-17.3%
4	Private Fire Protection	234,583	12,287	-94.8%
5	Total Inside City	2,715,992	3,160,341	16.4%
Outside City				
6	Residential	346,760	759,333	119.0%
7	Small Commercial	38,072	51,842	36.2%
8	Large Commercial	127,587	96,282	-24.5%
9	Total Outside City	512,419	907,457	77.1%
10	TOTAL SYSTEM	3,228,411	4,067,798	26.0%

**Table 1-14
Water Utility
Proposed Base Charges**

Meter Size		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Inside City Base Charge, \$ per bill					
Residential					
	5/8"	\$15.00	\$16.80	\$18.60	\$20.40
	1"	31.50	31.50	31.50	31.50
Small Commercial					
	5/8"	33.70	33.70	33.70	33.70
Large Commercial					
	1"	170.00	170.00	170.00	170.00
	2"	340.00	340.00	340.00	340.00
	4"	510.00	510.00	600.00	650.00
	6"	830.00	1,120.00	1,540.00	1,650.00
	8"	940.00	1,270.00	1,740.00	1,870.00
Outside City Base Charge, \$ per bill					
Residential					
	5/8"	22.50	25.20	27.90	30.60
	1"	47.30	47.30	47.30	47.30
Small Commercial					
	5/8"	50.60	50.60	50.60	50.60
Large Commercial					
	1"	260.00	260.00	260.00	260.00
	2"	510.00	510.00	510.00	510.00
	4"	770.00	770.00	900.00	980.00
	6"	1,250.00	1,680.00	2,310.00	2,480.00
	8"	1,410.00	1,910.00	2,610.00	2,810.00

**Table 1-15
Water Utility
Proposed Volume Charges**

Customer Class	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Inside City Volume Charge, per 1,000 gallons				
Residential				
First 2,000	\$1.02	\$1.72	\$2.87	\$3.78
Next 4,000	2.30	3.87	6.46	8.51
Next 4,000	5.18	8.71	14.54	19.15
Over 10,000	12.95	21.78	36.35	47.88
Commercial				
Winter	\$3.19	\$5.36	\$7.97	\$8.02
Summer	3.99	6.70	9.97	10.03
Outside City Volume Charge, per 1,000 gallons				
Residential				
First 2,000	\$1.53	\$2.58	\$4.31	\$5.67
Next 4,000	3.45	5.81	9.69	12.77
Next 4,000	7.77	13.07	21.81	28.73
Over 10,000	19.43	32.67	54.53	71.82
Commercial				
Winter	\$4.79	\$8.04	\$11.96	\$12.03
Summer	5.99	10.05	14.96	15.05

City of Las Vegas, New Mexico
Water, Wastewater and Gas Utilities Rate Study

APPENDIX

B

Wastewater Rates

**Table 2-1
Wastewater Utility
Decision Criteria
Fiscal Year Ending June 30**

Line No.		2011	2012	2013	2014	2015	2016	Total 2012 - 2016
Operating Fund								
1	Transfer TO Capital Fund		\$0	\$0	\$0	\$0	\$190,000	
2	Total Debt Service		923,062	923,062	923,062	923,062	923,062	
3	Wastewater Service Revenue Increases							
4	Months Increase is Effective in First Year		3	8	12	12	12	
5	Annualized Percentage Increase		0.00%	15.00%	15.00%	7.00%	7.00%	41.51%
6	Annual Surplus (Deficiency)		(468,018)	(536,551)	(205,716)	(50,159)	10,394	
7	Ending Fund Balance	1,818,471	1,350,453	813,902	608,187	558,028	568,422	
8	Target Ending Balance (90 days of O&M)		395,900	415,700	445,800	454,700	463,800	
9	Debt Service Coverage		84%	105%	130%	146%	162%	
Capital Fund								
10	Capital Improvements Deferred		\$0	\$0	\$0	\$0	\$0	
11	Gross Receipts Tax		\$0	\$0	\$0	\$0	\$0	\$0
12	Bond Issues		\$0	\$0	\$0	\$0	\$0	\$0
13	Grants		\$0	\$0	\$0	\$0	\$0	\$0
14	State and Other Loan Amounts		\$0	\$0	\$0	\$0	\$0	\$0
15	Capital Improvement Program		\$110,000	\$400,000	\$560,000	\$550,000	\$540,000	\$2,490,000
16	Ending Fund Balance	\$1,195,067	1,276,509	1,246,964	1,057,019	876,492	837,392	
17	Required Ending Balance (Fund 611)		641,773	701,328	760,883	819,856	819,856	
Total Wastewater Fund								
18	Bond Issues		\$0	\$0	\$0	\$0	\$0	
19	Capital Improvement Program		\$110,000	\$400,000	\$560,000	\$550,000	\$540,000	
20	Ending Fund Balance	3,013,538	2,626,962	2,060,866	1,665,206	1,434,520	1,405,814	
21	Target Ending Balance		1,037,673	1,117,028	1,206,683	1,274,556	1,283,656	
22	Total Proposed Debt Service		0	0	0	0	0	

Table 2-2
Wastewater Utility
Operating Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	1,818,471	1,350,453	813,902	608,187	558,028
	Revenues					
2	Revenue from Existing Wastewater Rates	2,221,422	2,177,029	2,161,528	2,146,366	2,131,203
3	Additional Wastewater Rate Revenue Required	0	217,703	697,093	890,903	1,095,715
4	Total Wastewater Rate Revenue	2,221,422	2,394,732	2,858,621	3,037,269	3,226,918
5	Miscellaneous Revenue	147,200	147,200	147,200	147,200	147,200
6	Interest	7,900	5,400	3,600	2,900	2,800
7	Total Revenues	2,376,522	2,547,332	3,009,421	3,187,369	3,376,918
	Revenue Requirements					
8	Operation & Maintenance Expense	1,282,136	1,435,872	1,470,848	1,506,873	1,543,980
9	Lease Payment	0	0	0	0	0
10	Debt Service Reserve Requirement	0	0	0	0	0
11	Payment in Lieu of Taxes 2%	47,372	50,839	60,116	63,689	67,482
	Debt Service					
12	Existing	923,062	923,062	923,062	923,062	923,062
13	Proposed	0	0	0	0	0
14	Total Debt Service	923,062	923,062	923,062	923,062	923,062
	Transfers TO / (FROM)					
15	Capital Fund	0	0	0	0	190,000
16	612 - Reserve Fund	83,127	59,555	59,555	42,930	0
17	545 - Utilities Admin (O&M)	190,000	170,000	190,000	190,000	190,000
18	546 - Utilities Services (O&M)	103,600	50,000	117,000	117,000	117,000
19	336 - Computer System (O&M)	30,000	30,000	30,000	30,000	30,000
20	611 - Replacement Fund	59,555	59,555	59,555	58,973	0
21	613 - Construction Fund	125,687	305,000	305,000	305,000	305,000
22	207 - Economic Development	0	0	0	0	0
23	102 - Sick Leave (O&M)	0	0	0	0	0
24	Total Transfers	591,969	674,110	761,110	743,903	832,000
15	Total Revenue Requirements	2,844,540	3,083,883	3,215,137	3,237,528	3,366,524
25	Annual Surplus (Deficiency)	(468,018)	(536,551)	(205,716)	(50,159)	10,394
26	Ending Balance	1,350,453	813,902	608,187	558,028	568,422
27	Target Ending Balance (90 days of O&M)	395,900	415,700	445,800	454,700	463,800
28	Revenue Bond Debt Service Coverage	84%	105%	130%	146%	162%
	Required Wastewater Rate Increases					
29	Overall Annual Increase	0.00%	15.00%	15.00%	7.00%	7.00%
30	Cumulative Increase	0.00%	15.00%	32.25%	41.51%	51.41%

Table 2-3
Wastewater Utility
Capital Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	1,195,067	1,276,509	1,246,964	1,057,019	876,492
	Source of Funds					
2	Tap Fees	0	0	0	0	0
3	Transfer FROM Operating Fund	0	0	0	0	190,000
4	Transfer FROM Replacement Reserve	59,555	59,555	59,555	58,973	0
5	Transfer FROM Construction Fund	125,687	305,000	305,000	305,000	305,000
6	GRT Proceeds	0	0	0	0	0
7	Bond Proceeds	0	0	0	0	0
8	Grant Proceeds	0	0	0	0	0
9	State & Other Loan Proceeds	0	0	0	0	0
10	Interest	6,200	5,900	5,500	5,500	5,900
11	Total Sources	191,442	370,455	370,055	369,473	500,900
	Uses of Funds					
12	Capital Improvements					
13	Scheduled	110,000	400,000	560,000	550,000	540,000
14	Deferred	0	0	0	0	0
15	Subtotal CIP	110,000	400,000	560,000	550,000	540,000
16	Debt Issuance Expense	0	0	0	0	0
17	Total Uses	110,000	400,000	560,000	550,000	540,000
18	Annual Surplus (Deficiency)	81,442	(29,545)	(189,945)	(180,527)	(39,100)
19	Ending Balance	1,276,509	1,246,964	1,057,019	876,492	837,392
20	Required Replacement Balance (Fund 611)	641,773	701,328	760,883	819,856	819,856

Table 2-4
Wastewater Utility
Operation & Maintenance Expense Summary
Fiscal Year Ending June 30

Line No.	Description	Budgeted	Projected				
		2012 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
	Salaries						
1	Existing FTE's	295,872	295,872	351,163	361,698	372,549	383,726
2	Additional FTE's	0	0	0	0	0	0
3	Subtotal Salaries	295,872	295,872	351,163	361,698	372,549	383,726
4	Fringe Benefits	137,216	137,216	162,859	167,744	172,777	177,960
	Supplies						
5	Chemicals	20,000	20,000	10,000	10,300	10,609	10,927
6	All Other	4,650	4,650	10,350	10,661	10,980	11,310
7	Subtotal Supplies	24,650	24,650	20,350	20,961	21,589	22,237
8	Travel	50,500	50,500	51,500	53,045	54,636	56,275
	Other Operating						
9	Utilities	70,000	170,000	194,500	200,335	206,345	212,535
10	Past Due Utilities	0	0	0	0	0	0
11	All Other	248,350	248,350	286,500	295,095	303,948	313,066
12	Subtotal Other Operating	318,350	418,350	481,000	495,430	510,293	525,602
13	Maintenance (less system maintenance)	90,000	90,000	95,000	97,850	100,786	103,809
	Other						
14	Administrative Fee	270,000	260,548	270,000	270,000	270,000	270,000
15	All Other	5,000	5,000	4,000	4,120	4,244	4,371
16	Subtotal Other	275,000	265,548	274,000	274,120	274,244	274,371
17	Total O&M	1,191,588	1,282,136	1,435,872	1,470,848	1,506,873	1,543,980

Table 2-5
Wastewater Utility
Capital Improvement Program
Fiscal Year Ending June 30

Line No.	Description	Projected					Total 2012 -2016
		2012	2013	2014	2015	2016	
		\$	\$	\$	\$	\$	\$
1	Cinder Rd Sewer Relief Line & Effluent Line Ext.	0	0	0	0	0	250,000
2	Replacing VCP with PVC Mains	0	135,200	140,608	146,232	152,082	574,122
3	Rehab of Aeration Basin and Primary Clarifiers	0	27,040	28,122	29,246	30,416	114,824
4	Land Acquisition for Biosolids Disposal	0	0	28,122	29,246	30,416	87,784
5	Manholes Rehab	0	27,040	28,122	29,246	30,416	114,824
6	Jet Rodder or Sludge Injector	0	0	112,486	87,739	91,249	291,475
7	Sludger Injector	0	0	0	0	0	0
8	Lift Station Upgrades (3 Stations)	0	27,040	28,122	29,246	0	84,408
9	Professional Services	0	81,120	84,365	87,739	91,249	344,473
10	Furniture & Equipment	0	27,040	28,122	29,246	30,416	114,824
11	Vehicles	83,200	43,264	44,995	46,794	48,666	346,919
12	General System Improvements	0	20,010	20,810	21,642	22,508	84,970
13	Building and Grounds	0	10,816	11,249	11,699	12,167	45,930
14	Septage/Sludge Handling	0	0	0	0	0	0
15	Enclosure of Entrance Works	26,000	0	0	0	0	26,000
17	Total Capital Improvements (inflated costs)	109,200	398,570	555,120	548,079	539,586	2,480,554

Table 2-6
Wastewater Utility
Existing Debt Service
Fiscal Year Ending June 30

Line No.	Description	Payment Type		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
3	NMED 2006 WW Loan CWSRF 004	P&I	Fund 617	357,329	357,329	357,329	357,329	357,329
4	NMED 2001 WW Loan 8004R, 20 year	P&I	Fund 617	565,733	565,733	565,733	565,733	565,733
5	Total Existing Debt Service			<u>\$923,062</u>	<u>\$923,062</u>	<u>\$923,062</u>	<u>\$923,062</u>	<u>\$923,062</u>

**Table 2-7
Wastewater Utility
Revenue Requirements
Test Year 2013**

<u>Line No.</u>		<u>Amount (\$)</u>
	OPERATING EXPENSES	
1	Operation and Maintenance Expense	1,435,872
2	PILOT	50,839
3	545 - Utilities Admin	170,000
4	546 - Utilities Services	50,000
5	336 - Computer System	30,000
6	102 - Sick Leave	0
7	TOTAL OPERATING EXPENSES	1,736,711
	CAPITAL COSTS	
8	Lease Payment	0
9	Debt Service Reserve Requirement	0
10	Transferst TO / (FROM)	
11	Capital Fund	0
12	612 - Reserve Fund	59,555
13	611 - Replacement Fund	59,555
14	613 - Construction Fund	305,000
15	630 - Solid Waste	0
16	Debt Service	
17	Existing	923,062
18	Proposed	0
19	TOTAL CAPITAL COSTS	1,347,172
20	TOTAL COST OF SERVICE	3,083,883
	ADJUSTMENTS	
	Revenue from Other Sources	
21	Interest Income	(5,400)
22	Miscellaneous Revenue	(147,200)
23	Total Revenue From Other Sources	(152,600)
24	Increase / (Decrease) in Operating Reserves	(427,699)
25	TOTAL ADJUSTMENTS	(580,299)
26	NET COST OF SERVICE	2,503,583

**Table 2-8
Wastewater Utility
Units of Service
Test Year 2013**

<u>Line No.</u>	<u>Customer Class</u>	<u>Contributed Volume</u> 1,000 gal	<u>Infiltration/ Inflow</u> 1,000 gal	<u>Total Treated Volume</u> 1,000 gal	<u>Wastewater Strength</u>		<u>Customer</u>	
					<u>BOD</u> lbs	<u>TSS</u> lbs	<u>Billing</u> bills	<u>Small Mains</u> eq. meters
	Inside City							
1	Residential	169,128	78,903	248,031	226,994	296,079	53,185	53,983
2	Commercial	145,974	49,850	195,824	195,917	255,544	7,827	24,762
3	Total Inside City	315,102	128,753	443,855	422,911	551,624	61,012	78,745
	Outside City							
4	Residential	5,824	2,726	8,550	7,816	10,195	1,843	1,870
5	Commercial	27,086	7,509	34,595	36,354	47,418	406	2,512
6	Total Outside	32,910	10,235	43,145	44,170	57,613	2,249	4,382
7	TOTAL CITY	348,012	138,988	487,000	467,082	609,237	63,261	83,127

Table 2-9
WastewaterUtility
Allocation of Operations and Maintenance Expense
Test Year 2013

Line No.	Description	Total (\$)	Volume (\$)	Common to ALL Customers			
				Wastewater Strength			Small Mains (\$)
				BOD (\$)	TSS (\$)	Billing (\$)	
OPERATING EXPENSES							
1	Existing FTE's	351,163	94,777	71,083	71,083	0	114,220
2	Additional FTE's	0	0	0	0	0	0
3	Fringe Benefits	162,859	43,955	32,966	32,966	0	52,972
4	Supplies						
	Chemicals	10,000	4,000	3,000	3,000	0	0
	All Other Supplies	10,350	7,440	638	638	638	996
5	Travel	51,500	37,019	3,174	3,174	3,174	4,958
6	Other Operating						
	Utilities	194,500	194,500	0	0	0	0
	All Other Operating	286,500	205,940	17,660	17,660	17,660	27,581
7	Maintenance (less system maintenance)	95,000	68,287	5,856	5,856	5,856	9,146
8	Other						
	Payment of Lieu of Taxes	50,839	36,544	3,134	3,134	3,134	4,894
9	Administrative Fee	270,000	194,080	16,642	16,642	16,642	25,993
	All Other	4,000	2,875	247	247	247	385
10	545 - Utilities Admin	170,000	122,198	10,479	10,479	10,479	16,366
11	546 - Utilities Services	50,000	0	0	0	50,000	0
12	336 - Computer System	30,000	21,564	1,849	1,849	1,849	2,888
13	102 - Sick Leave	0	0	0	0	0	0
14	Total Operating Expenses	1,736,711	1,033,179	166,727	166,727	109,678	260,400
CAPITAL COSTS							
15	Lease Payment	0	0	0	0	0	0
16	Debt Service Reserve Requirement	0	0	0	0	0	0
	Transfers TO / (FROM)						
17	Capital Fund	0	0	0	0	0	0
18	612 - Reserve Fund	59,555	18,744	10,720	10,720	0	19,371
19	611 - Replacement Fund	59,555	18,744	10,720	10,720	0	19,371
20	613 - Construction Fund	305,000	95,995	54,900	54,900	0	99,205
21	630 - Solid Waste	0	0	0	0	0	0
22	Debt Service						
23	Existing	923,062	290,522	166,151	166,151	0	300,238
24	Proposed	0	0	0	0	0	0
25	TOTAL CAPITAL COSTS	1,347,172	424,005	242,491	242,491	0	438,186
26	TOTAL COST OF SERVICE	3,083,883	1,457,184	409,218	409,218	109,678	698,585
ADJUSTMENTS TO COST OF SERVICE							
27	Interest Income	(5,400)	(1,700)	(972)	(972)	0	(1,756)
28	Miscellaneous Revenue	(147,200)	(46,329)	(26,496)	(26,496)	0	(47,879)
29	Annual Surplus / (Deficit)	(427,699)	(134,613)	(76,986)	(76,986)	0	(139,115)
30	Total Adjustments	(580,299)	(182,642)	(104,454)	(104,454)	0	(188,750)
31	NET COST OF SERVICE	2,503,583	1,274,542	304,764	304,764	109,678	509,835
			Volume	BOD	TSS	Billing	Small Mains
			kgals	lbs	lbs	bills	eq. meters
32	Inside City		443,855	422,911	551,624	61,012	78,745
33	Outside City		64,718	66,255	86,420	3,374	6,573
			508,573	489,167	638,044	64,386	85,318
UNIT COST OF SERVICE - \$ per unit							
34	Inside City		2.5061	0.6230	0.4777	1.7035	5.9757
35	Outside City*		3.7592	0.9345	0.7165	2.5552	8.9636

Table 2-10
Wastewater Utility
Allocation of Cost of Service to Customer Classes
Test Year 2013

Line No.	Customer Class	Total	Volume	Wastewater Strength		Customer	
				BOD	TSS	Billing	Small Mains
	ADJUSTED UNIT COST OF SERVICE - \$ per unit						
1	Inside City		2.5061	0.6230	0.4777	1.7035	5.9757
2	Outside City		3.7592	0.9345	0.7165	2.5552	8.9636
	INSIDE CITY						
3	Residential						
4	Units		248,031	226,994	296,079	53,185	53,983
5	Cost of Service - \$	1,317,627	621,595	141,423	141,423	90,598	322,587
6	Commercial						
7	Units		195,824	195,917	255,544	7,827	24,762
8	Cost of Service - \$	896,180	490,757	122,062	122,062	13,333	147,967
	OUTSIDE CITY						
9	Residential						
10	Units		8,550	7,816	10,195	1,843	1,870
11	Cost of Service - \$	68,221	32,140	7,305	7,305	4,709	16,762
12	Commercial						
13	Units		34,595	36,354	47,418	406	2,512
14	Cost of Service - \$	221,555	130,050	33,974	33,974	1,037	22,519
15	TOTAL COST OF SERVICE	2,503,583	1,274,542	304,764	304,764	109,678	509,835

Table 2-11
Wastewater Utility
Comparison of Adjusted Cost of Service
with Revenue Under Existing Rates
Test Year 2013

<u>Line No.</u>	<u>Customer Class</u>	<u>Revenue Under Existing Rates</u> \$	<u>Cost of Service</u> \$	<u>Indicated Revenue Increase</u> %
Inside City				
1	Residential	1,054,882	1,317,627	24.9%
2	Commercial	860,814	896,180	4.1%
3	Total Inside City	1,915,696	2,213,807	15.6%
Outside City				
4	Residential	54,601	68,221	24.9%
5	Commercial	206,732	221,555	7.2%
6	Total Outside City	261,333	289,776	10.9%
7	TOTAL	2,177,029	2,503,583	15.0%

**Table 2-12
Wastewater Utility
Las Vegas Proposed Wastewater Rates**

	<u>Existing</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Inside City				
Residential (5/8 and 1-in meter)				
Minimum Charge, \$ per bill				
5/8-inch meter	4.92	7.50	10.50	12.10
1-inch meter	4.92	12.30	20.70	25.20
Volume Charges, \$ per K gallons				
All usage	4.69	5.12	5.61	5.87
Commercial				
Minimum Charge, \$ per bill				
5/8-inch meter	12.01	12.60	13.10	13.40
1-inch meter	21.32	23.90	26.80	28.40
2-inch meter	85.28	86.60	88.20	89.00
4-inch meter	341.11	341.11	341.11	341.11
6-inch meter	767.58	767.58	767.58	767.58
Volume Charges, \$ per K gallons				
All usage	4.03	4.65	5.36	5.75
Outside City				
Residential (5/8 and 1-in meter)				
Minimum Charge, \$ per bill				
5/8-inch meter	7.38	11.30	15.80	18.20
1-inch meter	7.38	18.50	31.10	37.80
Volume Charges, \$ per K gallons				
All usage	7.04	5.12	5.61	5.87
Commercial				
Minimum Charge, \$ per bill				
5/8-inch meter		18.90	19.70	20.10
1-inch meter		35.90	40.20	42.60
2-inch meter		129.90	132.30	133.50
4-inch meter		511.70	511.70	511.70
6-inch meter		1,151.40	1,151.40	1,151.40
Volume Charges, \$ per K gallons				
All usage	6.03	6.98	8.04	8.63

City of Las Vegas, New Mexico
Water, Wastewater and Gas Utilities Rate Study

APPENDIX

C

Gas Utility



Table 3-1
Gas Utility
Decision Criteria
Fiscal Year Ending June 30

Line No.		2011	2012	2013	2014	2015	2016	Total 2012 - 2016
Operating Fund								
1	Transfer TO Capital Fund		\$500,000	\$770,000	\$810,000	\$760,000	\$790,000	
2	Total Debt Service		0	0	0	0	0	
3	Gas Service Revenue Increases							
4	Months Increase is Effective in First Year		5	12	12	12	12	
5	Annualized Percentage Increase		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Ending Fund Balance	\$2,234,006	2,575,385	2,958,829	3,314,212	3,692,169	4,011,821	
7	Target Ending Balance (90 days of O&M)		394,400	347,900	345,500	352,700	360,100	
8	Debt Service Coverage		N/A	N/A	N/A	N/A	N/A	
Capital Fund								
9	Capital Improvements Deferred		\$0	\$0	\$0	\$0	\$0	
10	GRT Tax Proceeds		\$0	\$0	\$0	\$0	\$0	\$0
11	Bond Issues		\$0	\$0	\$0	\$0	\$0	\$0
12	Grants		\$0	\$0	\$0	\$0	\$0	\$0
13	State and Other Loan Amounts		\$0	\$0	\$0	\$0	\$0	\$0
14	Capital Improvement Program		\$550,000	\$760,000	\$770,000	\$710,000	\$740,000	\$3,530,000
15	Ending Fund Balance	\$642,892	595,992	609,192	652,492	705,792	759,092	
16	Target Ending Balance		550,000	600,000	650,000	700,000	750,000	
Total Gas Fund								
17	Bond Issues		\$0	\$0	\$0	\$0	\$0	
18	Capital Improvement Program		\$550,000	\$760,000	\$770,000	\$710,000	\$740,000	
19	Ending Fund Balance	2,876,898	3,171,377	3,568,021	3,966,704	4,397,961	4,770,913	
20	Target Ending Balance		944,400	947,900	995,500	1,052,700	1,110,100	
21	Total Proposed Debt Service		0	0	0	0	0	

Table 3-2
Gas Utility
Operating Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	2,234,006	2,575,385	2,958,829	3,314,212	3,692,169
	Revenues					
	Revenue From Service Charge and Cost of Service Rates					
2	From Existing Rates	2,947,663	2,947,663	2,947,663	2,947,663	2,947,663
3	From Revenue Adjustments	0	0	0	0	0
4	Total	2,947,663	2,947,663	2,947,663	2,947,663	2,947,663
5	Revenue from Cost of Gas Rate	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000
6	Miscellaneous Revenue	131,500	137,500	137,500	137,500	137,500
7	Interest	12,000	13,800	15,700	17,500	19,300
8	Total Revenues	6,241,163	6,248,963	6,250,863	6,252,663	6,254,463
	Revenue Requirements					
	Operation & Maintenance Expense					
9	Fuel for Resale	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000
10	Other	1,599,318	1,411,112	1,401,073	1,430,300	1,460,404
11	Total O&M Expense	4,749,318	4,561,112	4,551,073	4,580,300	4,610,404
12	Lease Payment	0	0	0	0	0
13	Debt Service Reserve Requirement	0	0	0	0	0
14	Franchise Fee 4%	249,167	249,407	249,407	249,407	249,407
	Debt Service					
15	Existing	0	0	0	0	0
16	Proposed	0	0	0	0	0
17	Total Debt Service	0	0	0	0	0
	Transfers TO / (FROM)					
18	Transfer TO Capital Fund	500,000	770,000	810,000	760,000	790,000
19	545 Utilities Admin	190,000	170,000	170,000	170,000	170,000
20	546 - Utilities Services	181,300	85,000	85,000	85,000	85,000
21	336 - Computer System	30,000	30,000	30,000	30,000	30,000
22	435 - CDBG Planning	0	0	0	0	0
23	102 - Sick Leave	0	0	0	0	0
24	Total Transfers	901,300	1,055,000	1,095,000	1,045,000	1,075,000
25	Total Revenue Requirements	5,899,784	5,865,519	5,895,479	5,874,707	5,934,810
26	Annual Surplus (Deficiency)	341,379	383,444	355,384	377,956	319,653
27	Ending Balance	2,575,385	2,958,829	3,314,212	3,692,169	4,011,821
28	Target Ending Balance (90 days of O&M)	394,400	347,900	345,500	352,700	360,100
29	Revenue Bond Debt Service Coverage	N/A	N/A	N/A	N/A	N/A
	Required Gas Revenue Rate Increases					
30	Annual Increase	0.00%	0.00%	0.00%	0.00%	0.00%
31	Cumulative Increase	0.00%	0.00%	0.00%	0.00%	0.00%

Table 3-3
Gas Utility
Capital Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
1	Beginning Fund Balance	642,892	595,992	609,192	652,492	705,792
	Source of Funds					
2	Tap Fees	0	0	0	0	0
3	Transfer FROM Operating Fund	500,000	770,000	810,000	760,000	790,000
4	GRT Tax Proceeds	0	0	0	0	0
5	Bond Proceeds	0	0	0	0	0
6	Grant Proceeds	0	0	0	0	0
7	State & Other Loan Proceeds	0	0	0	0	0
8	Interest	3,100	3,200	3,300	3,300	3,300
9	Total Sources of Funds	503,100	773,200	813,300	763,300	793,300
	Uses of Funds					
10	Capital Improvements					
11	Scheduled	550,000	760,000	770,000	710,000	740,000
12	Deferred	0	0	0	0	0
13	Subtotal Capital Improvements	550,000	760,000	770,000	710,000	740,000
14	Debt Issuance Expense	0	0	0	0	0
15	Total Uses of Funds	550,000	760,000	770,000	710,000	740,000
16	Annual Surplus (Deficiency)	(46,900)	13,200	43,300	53,300	53,300
17	Ending Balance	595,992	609,192	652,492	705,792	759,092
18	Target Ending Balance	550,000	600,000	650,000	700,000	750,000

Table 3-4
Gas Utility
Operation & Maintenance Expense Summary
Fiscal Year Ending June 30

Line No.	Description	Budgeted	Projected				
		2012 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
	Salaries						
1	Existing FTE's	337,311	337,311	392,476	404,251	416,378	428,870
2	Additional FTE's	0	0	0	0	0	0
3	Subtotal Salaries	337,311	337,311	392,476	404,251	416,378	428,870
4	Fringe Benefits	173,594	173,594	201,984	208,044	214,285	220,714
5	Supplies	8,400	8,400	17,400	17,922	18,460	19,013
6	Travel	22,100	22,100	28,000	28,840	29,705	30,596
	Other Operating						
7	Fuel for Resale	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000
8	All Other	412,100	412,100	217,500	224,025	230,746	237,668
9	Subtotal Other Operating	3,562,100	3,562,100	3,367,500	3,374,025	3,380,746	3,387,668
10	Maintenance	156,000	156,000	86,500	89,095	91,768	94,521
	Other						
11	Administration Charges	525,000	487,813	465,252	426,836	426,836	426,836
12	All Other	2,000	2,000	2,000	2,060	2,122	2,185
13	Subtotal Other	527,000	489,813	467,252	428,896	428,958	429,022
14	Total O&M	4,786,505	4,749,318	4,561,112	4,551,073	4,580,300	4,610,404
15	Total O&M Less Fuel for Resale	1,636,505	1,599,318	1,411,112	1,401,073	1,430,300	1,460,404

Table 3-5
Gas Utility
Inflated Capital Improvement Program
Fiscal Year Ending June 30

Line No.	Description	Budgeted	Projected				Total
		2012	2012	2013	2014	2015	2012 -2016
		\$	\$	\$	\$	\$	\$
1	PVC Mains Replacement on West Side	0	15,600	16,224	16,873	17,548	84,495
2	Steel mains Replacement with Polyethylene Pipe	0	15,600	16,224	16,873	17,548	84,495
3	Steel Line Markers (1/4 Mile intervals)	0	10,400	10,816	11,249	11,699	56,330
4	Anodes for Cathodic Protection	0	10,400	10,816	11,249	11,699	56,330
5	Regulator Stations Improvements	0	3,120	10,816	11,249	11,699	49,050
6	Transmission Main to Reduce Gas Costs	0	104,000	108,160	112,486	116,986	563,298
7	Trucks-Fleet	0	31,200	43,264	44,995	46,794	214,919
8	Line Stop Equipment	0	0	43,264	22,497	23,397	113,492
9	Polyethelene Pipe	0	31,200	32,448	33,746	35,096	168,989
10	Replacement Meters/Auto.Meter Reading	0	104,000	108,160	112,486	116,986	563,298
11	Computers	0	4,680	0	5,062	0	15,217
12	System Expansion	0	114,400	118,976	123,735	128,684	619,627
13	Building	0	52,000	54,080	56,243	58,493	281,649
14	Professional Services	0	52,000	54,080	56,243	58,493	281,649
15	Propane Backup	0	0	108,160	112,486	29,246	280,309
16	Safety Equipment	0	0	21,632	22,497	23,397	91,860
19	Total Capital Improvements (inflated costs)	0	548,600	757,120	769,969	707,764	3,525,004

Table 3-6
Gas Utility
Existing Debt Service
Fiscal Year Ending June 30

<u>Line No.</u>	<u>Description</u>	<u>Payment Type</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	Loan #1	Principal	\$0	\$0	\$0	\$0	\$0
2	Loan #1	Interest	0	0	0	0	0
3	Loan #2	Principal	0	0	0	0	0
4	Loan #2	Interest	0	0	0	0	0
5	Loan #3	Principal	0	0	0	0	0
6	Loan #3	Interest	0	0	0	0	0
7	Loan #4	Principal	0	0	0	0	0
8	Loan #4	Interest	0	0	0	0	0
9	Total Principal		\$0	\$0	\$0	\$0	\$0
10	Total Interest		0	0	0	0	0
11	Total Existing Debt Service		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>